

~~TOP SECRET~~  
~~APPEARED~~  
~~ON PAGE 01~~WASHINGTON POST  
19 February 19862  

# U.S. Warns Marcos To Make Reforms

## *Habib Says Aid May Hinge on Shared Power*

---

By Lou Cannon and Joanne Omang  
Washington Post Staff Writers

Special U.S. envoy Philip C. Habib has warned Philippine President Ferdinand Marcos that he must make democratic reforms and share power with opposition forces headed by Corazon Aquino or risk losing U.S. military and economic aid, administration officials said yesterday.

These officials did not specify how Marcos should or could accomplish these goals, particularly in view of the opposition's refusal thus far to consider a place in his government. The officials emphasized that President Reagan had not decided whether aid should be withheld and would not reach a conclusion until he receives a report from Habib, expected late this week. But a senior official said Marcos had been told that congressional sentiment was moving toward an aid cutoff and that "fundamental reforms" would be needed to head off this action.

Senate leaders, meanwhile, agreed on the wording of a bipartisan resolution condemning the Feb. 7 Philippine election, which Reagan said Saturday was "marred by widespread fraud and violence perpetrated largely by the ruling party." The Senate measure is expected to pass easily today.

A spokesman for Senate Foreign Relations Committee Chairman Richard G. Lugar (R-Ind.) said that "we will move next week in our committee to cut off the aid." On the House side, Rep. David R. Obey (D-Wis.), chairman of the House Appropriations subcommittee on foreign operations, said new aid to the Philippines "would be outrageous under the circumstances."

One proposal that appeared to be gaining momentum was a plan to hold U.S. aid in escrow until Marcos makes reforms and shares power. Lugar said he was "intrigued" by this idea.

But some congressional opinion appeared to be moving beyond an aid cutoff toward a demand that Marcos step aside.

Rep. Lee Hamilton (D-Ind.), chairman of the House Permanent Select Committee on Intelligence, said, "The election was rigged, and the United States ought not put its stamp of approval on a rigged election. The problem for us is to get him [Marcos] out as quickly as possible."

The spokesman for Lugar, who headed the official U.S. team that observed the election, said Marcos "should prove his election was credible or he should step aside."

At the White House, officials were trying to avoid definitive statements until Habib reports to the president. But one senior official said the administration has not been encouraged by Marcos' response so far.

"There has been no sea change," the official said.

Other U.S. emissaries have delivered messages of warning to Marcos in the past, but there is "a far greater urgency now, in the wake of the election," a White House official said. While the United States is pressing Marcos for economic reforms, the key demand is the retirement of 29 senior military officials and changes in the military command structure.

Until now, Marcos has announced only the retirement of controversial armed forces chief of staff Fabian Ver, but even this was clouded in the U.S. view because Ver, a cousin of Marcos, was retained as an adviser.

Administration officials said they hoped that Marcos could be persuaded by congressional declarations that he stands to lose U.S. aid and the power to survive as president unless he makes reforms. But one official observed that Reagan, who opposed sanctions against South Africa and then imposed them, had "a tendency to get ahead of the groundswell" and might withhold aid if Marcos does nothing.

However, White House spokesman Larry Speakes said it was "far premature" to determine whether aid would be cut off.

Sen. Jim Sasser (D-Tenn.) yesterday introduced legislation to halt U.S. aid to the Philippines and called his action an effort to "withdraw U.S. taxpayer support for the corrupt, authoritarian regime" of Marcos. The bill would apply to \$150 million in fiscal 1986 economic and military aid, including funds for construction at the two major U.S. bases in the Philippines. Sasser also would bring home the 18,000 U.S. military dependents there.

The bipartisan Senate resolution—authored by Majority Leader Robert J. Dole (R-Kan.), Minority Leader Robert C. Byrd (D-W.Va.), Lugar and six others—said that "America's interests are best served in the Philippines by a government which has a popular mandate" and concluded that the election was "marked by such widespread fraud" that it "cannot be considered a reflection of the will of the people of the Philippines."